

Opening Statement of the Honorable Fred Upton
Subcommittee on Energy and Power
Hearing on “EPA’s CO2 Regulations for New and Existing Plants”
October 7, 2015

(As Prepared for Delivery)

It has been nearly five years since a Democratically-controlled Congress last rejected cap and trade legislation. At the time, the American people recognized cap and trade for what it was – a massive economy-wide energy tax– and Congress wisely listened to them. And since that time, neither the House nor the Senate has made a serious effort to revive this discredited approach. But now, the Obama administration is attempting to regulate where it failed to legislate with EPA issuing final rules to regulate carbon dioxide from new and existing fossil fuel-fired plants.

These two rules, which exceed 3,000 pages, as well as the proposed federal plan that imposes a cap and trade scheme on states that don’t have their own approved plans, raise all the same issues we had with the legislative version. And since it is being done through the regulatory route, it also raises questions about the legal authority to impose such sweeping measures on the states under Clean Air Act provisions never intended for this purpose.

I didn’t support the legislative version of cap and trade, and I don’t feel any better about today’s regulatory equivalent. This is especially true given the predicted double-digit impact on electricity prices for most states, according to a study conducted by NERA, as well as the risks to reliability.

In my home state of Michigan 54 percent of electricity generated comes from coal and electricity rates are expected to increase 12 percent between 2020-2029. And access to affordable and reliable electricity can be a matter of life or death in the winter months. Additionally, manufacturing states like mine need low energy costs in order to remain globally competitive. And for all of the costs of these rules, the payoff is a change in future global temperatures that will be no more than a few hundredths of a degree by 2100 based on EPA’s prior modeling.

The threat of being subject to a federal plan is putting states between a rock and a hard place –either devote significant state resources to develop a state plan in response to a rule that is likely to be struck down by the courts, or become subject to mandatory federal controls in less than a year after rule’s publication.

As it is, electricity rates have risen in recent years, and other EPA regulations have been a contributor. The rules we’re examining today will further add to this burden that disproportionately hurts low-income households and will continue to threaten grid reliability across the country. At a time when our fragile economic recovery is teetering on the edge amidst global market volatility, EPA’s regulations on their own do significant damage – but cumulatively they will break the camels back.

It is important that Congress, who is charged with writing laws, continues to demand answers on behalf of those impacted by the new and existing rules, especially now that EPA is beginning the process of implementing their provisions.

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